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SUBJECT: TRINIDAD GASBAG - ENERGY SECTOR NEWS (#3-09)

In this edition, we report on the following developments in the Trinidad and Tobago (T&T) energy sector from June 25 Q July 17, 2009.

- 11. GOTT signs two Production Sharing Contracts
- 12. Fewer energy investment dollars for TT
- 13. BG to purchase stake in TT gas field
- 14. TT to develop renewable energy framework
- 15. TT to revisit gas supplies to Jamaica
- 16. Partial Scope Agreement with U.S. on energy

11. GOTT signs two Production Sharing Contracts (PSCs)

State-owned Petrotrin and its joint venture partners-- the Canadian-owned company Voyager Exploration (Trinidad) Ltd. and British-based Company Centrica Energy, recently signed production sharing contracts (PSCs) with the GOTT Ministry of Energy in an effort to locate new reserves of oil and gas. In July, Voyager signed PSCs for the onshore and offshore Guayaguayare Shallow and Deep Horizons Blocks as well as an agreement to participate in the offshore Block 2(ab). According to Energy Minister Conrad Enill, Voyager plans to invest approximately US\$40.3 million into the project over the next four years. Centrica, involved in upstream oil and gas production in addition to power generation, recently signed a contract authorizing the exploration of offshore Block 2 (ab). The company plans to spend approximately US\$40 million on the project over the next three years. Centrica's project includes the acquisition of 3D seismic data and the drilling of three wells. Centrica will act as operator with a 65 percent stake to Petrotrin's 35 percent.

12. Fewer Energy Investment Dollars for TT

Energy Minister Conrad Enill announced at a recent PSC signing ceremony that a previous GOTT plan to invest US\$185 million in energy sector investment over the next four years was withdrawn. Enill said that the reason for the withdrawal is that key three international companies could not follow through with their proposals as a result of the global economic crisis.

13. BG to purchase stake in TT gas field

BG International and Canadian Superior Energy Inc. recently announced that under a preemption offer contained in an agreement between the two companies, BG will exercise its right to buy from Canadian Superior a 45 percent stake in the natural gas property off the coast of Trinidad known as Block 5(c) at a cost of US\$142.5 million. This was the same price offered by British energy company Centrica Resources Ltd. Calgary-based Challenger Energy Corporation, the third partner, has a 25 percent stake in this field.

14. GOTT to develop renewable energy framework

GOTT Energy Minister Conrad Enill announced that the GOTT is placing more emphasis on developing renewable energy resources. He said that the government is working on relevant legislation and that preparation of a draft green paper on renewable energy is in the works. Enill said that the document will form the framework to guide the development and usage of renewable energy in T&T. Enill reminded his audience that T&T no longer refines or markets leaded gasoline and the local refinery will soon be upgraded to produce cleaner fuels.

15. TT to revisit gas supplies to Jamaica

On June 24, GOTT Prime Minister Patrick Manning delivered a statement to the TT House of Representatives on initiatives geared to assist the economies of several Caricom countries. One of the Prime Minister's proposals is to resurrect the agreement signed with Jamaica in 2004 for the supply of LNG to Jamaica to stimulate its alumina industry. According to Manning, the original agreement was made subject to availability and, following the accord's signing, abandonment of a major exploration well meant gas was not available.

However, due to the economic downturn and the world's supply and demand situation for gas, Manning indicated that a supply of LNG to Jamaica is now available for the stimulation of investments in that country's alumina sector. In exchange, the Prime Minister said he was confident that T&T can enter into a guaranteed arrangement with Jamaica for the supply of alumina for T&T's proposed aluminum smelter.

16. Partial Scope Agreement with U.S. on energy

T&T Prime Minister Manning stated in the same June 24 statement to the TT House of Representatives that the GOTT had secured Caricom's

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agreement to allow it to pursue a partial scope energy agreement with the U.S. Manning said the idea behind this initiative was to ensure guaranteed market access for the output of the energy sector, including aluminum and polypropylene-based products. According to Manning, the availability of these raw materials from T&T would lead to the development of labor intensive industries in the Eastern Caribbean. He added that the products would find a ready market in the US.

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